

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA
Title III

No. 17 BK 3283-LTS

Jointly Administered

Re: Dkt. No. 10756

**JOINT STATEMENT OF ADVERSARY DEFENDANTS
REGARDING PROPOSED FURTHER EXTENSION OF GLOBAL STAY**

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (Bankruptcy Case No. 19-05523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

To the Honorable United States District Court Judge Laura Taylor Swain:

In response to the Amended Report and Recommendation of the Mediation Team [Dkt. No. 10756] (the “Report”), the Adversary Defendants² named in the adversary proceeding number 19-00280-LTS (the “Underwriter Litigation”), respectfully object to the Report’s recommendation that the Underwriter Litigation remain entirely stayed pending confirmation of a plan of adjustment, and state as follows:

1. On July 16, 2019, the Adversary Defendants filed an opposition to the FOMB’s request for a stay of the Underwriter Litigation pending confirmation of a plan of adjustment.³ By this statement, and for the reasons already outlined in the Stay Opposition, the Adversary Defendants object to the continued delay of briefing and adjudication of their anticipated motions to dismiss, which will raise case dispositive legal issues related to the Underwriter Litigation.

2. On December 27, 2019, the Adversary Defendants reiterated their objection [Dkt. No. 9657] to the global stay as applied to the Underwriter Litigation in response to this Court’s

² The Adversary Defendants consist of the following entities: Barclays Capital Inc.; BMO Capital Markets, Citigroup Inc., GKST Inc.; Goldman Sachs & Co. LLC; Jefferies LLC; J.P. Morgan Securities LLC; Merrill Lynch, Pierce, Fenner & Smith Inc. (successor to Banc of America Securities LLC) and Merrill Lynch Capital Services, Inc.; Mesirow Financial, Inc.; Morgan Stanley & Co LLC; RBC Capital Markets, LLC; Samuel A. Ramirez & Co., Inc.; Scotiabank de Puerto Rico; Santander Securities LLC and UBS Financial Services Inc. of Puerto Rico. The Complaint misidentifies various legal entities and incorrectly names as defendants other parties that were not involved in the underwritings or other matters implicated in the Complaint – including but not limited to BMO Capital Markets, Jefferies Group LLC, JPMorgan Chase & Co., BofA Securities and Scotia MSD. The incorrectly named parties, as well as the Adversary Defendants joining this Statement, reserve all rights and defenses relating to Plaintiffs’ incorrect identifications in the Complaint, including but not limited to defenses based upon lack of personal jurisdiction.

³ See Reply to Objection of the Official Committee of Unsecured Creditors to Joint Motion of Certain Adversary Defendants Seeking Entry of an Order Authorizing Participation in Determination of Constitutional Validity of Challenged Bonds and Opposition to Urgent Motion for Stay of Adversary Proceeding Supplemental to Pending Motion to Stay GO Bond Proceedings Pending Confirmation of Commonwealth Plan of Adjustment (Dkt. No. 8028, the “Stay Opposition”).

Order Partially Amending Order Addressing the Filing of an Amended Report by the Mediation Team and Extending Stay Period.

3. The Adversary Defendants now object to the Report's recommendation that the global stay apply fully to the Underwriter Litigation through confirmation of a plan of adjustment. As further articulated in the Stay Opposition, there are substantial, independent legal issues that may be dispositive of the claims in the Underwriter Litigation, or at the very least may serve to truncate significantly the scope of the issues that this Court will be required to adjudicate. (*See* Stay Opp. ¶¶ 15-17.) The Adversary Defendants restate their request that their anticipated motions to dismiss be removed from the global stay and this Court set a schedule for briefing those motions.

4. The Adversary Defendants expressly reserve all rights, claims, and defenses in these proceedings and the Underwriter Litigation, including but not limited to the right to submit additional or supplemental objections at the appropriate time.

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Dated: February 19, 2020

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